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ER-5-8290

JUL 22 1954

The Honorable Frank Carlson
Chairman
Committee on Post Office & Civil Service
United States Senate
Washington 25, D. C.

Dear Mr. Chairman:

During our luncheon meeting this Spring, you will recall that I mentioned the fact that if the Congress were to pass legislation granting a pay increase to Government employees, we would like to utilize that vehicle to repeal Section 9 of the Central Intelligence Agency Act of 1949 (Public Law 110, 81st Congress), as amended by the Act of 16 August 1950 (Public Law 697, 81st Congress). Legislation which the Congress has enacted since the passage of the Central Intelligence Agency Act of 1949 has removed the necessity for Section 9, and each subsequent revision of the pay scale makes it necessary for us to seek an amendment to the section to keep pace with Government-wide legislation. In order to meet this problem the House Committee on Post Office & Civil Service has included a repeal of Section 9 of the Central Intelligence Agency Act of 1949, as Section 602(b) of S. 2665 as reported by the House on 22 July 1954.

In addition, the House has included an exemption for CIA from the Performance Rating Act of 1950, as Section 602(a) of S. 2665, as reported. The reasons for requesting this exemption are set forth in my letter to you of 5 June 1954, and it would be appreciated in final action on this legislation, if such action would include the provisions of Section 602, as indicated above.

A review of Title III (Federal Employees Incentive Awards) of S. 2665, as reported by the House Committee, indicates that the Civil Service Commission "shall inspect and review" the operations of the Incentive Awards Plans established under the provisions of that Title.

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This inspection and review will raise in CIA the identical problems as to the protection of intelligence sources and methods as were raised by the Commission's authority to inspect Performance Rating Plans. Therefore, it would be appreciated if Title III could carry a proviso substantially as follows:

> "Provided, That the Director of Central Intelligence is authorized to establish an incentive awards plan under this Title without inspection and review of its operation by the Commission."

The assistance which has been rendered to us in this matter by Chairman Rees and yourself is greatly appreciated.

With kindest regards.

Sincerely,

SIGNED

Allen W. Dulles
Director

OGC:WLP/blc (27 July 54)
Orig. & 1 - Addressee
3 - Signer
1 - AD/Personnel
1 - DD/A
2 - Legislative Counsel

STAT

CONCUR:

General Counsel

Handcarried by Mr. Blaylock
27 July '54

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